

April 16, 2003

Honorable Jim Nussle
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

As requested by your staff, CBO has prepared an estimate of the costs of implementing H.R. 258, the American 5-Cent Coin Design Continuity Act of 2003, as cleared by the Congress on April 11, 2003.

H.R. 258 would authorize the U.S. Mint to temporarily make changes to the design of the 5-cent coin to be issued in 2003, 2004, and 2005 to commemorate the 1803 Louisiana Purchase or the Lewis and Clark expedition. CBO estimates that enacting this bill would decrease direct spending by \$2 million over the 2003-2007 period because the new design would generate increased sales of mint coin sets.

| By Fiscal Year, in Millions of Dollars | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| CHANGES IN DIRECT SPENDING | | | | | | | | | | | |
| Estimated Budget | | | | | | | | | | | |
| Authority | 0 | -1 | -1 | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 0 | -1 | -1 | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

NOTE: * = less than -\$500,000.

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In addition to the budgetary effects summarized in the table, by increasing the public's holding of coins, H.R. 258 also would provide the government with additional resources for financing the federal deficit. The seigniorage (or profit) from placing the additional coins in circulation—the difference between the face value of the coins and the cost of production—would reduce the amount the government needs to borrow from the public. CBO estimates that seigniorage resulting from the bill would amount to about \$15 million annually for a two-year period. Under the principles established by the President's 1967 Commission on Budget Concepts, seigniorage does not directly affect the budget but is treated as a means of financing the deficit.

CBO's cost estimate for the House-reported bill, transmitted on February 25, 2003, describes the basis for this estimate. If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

Douglas Holtz-Eakin
Director

Enclosure

cc: Honorable John M. Spratt Jr.
Ranking Member

Honorable Michael G. Oxley
Chairman
House Committee on Financial Services

Honorable Barney Frank
Ranking Democratic Member

Identical letter sent to Honorable Don Nickles.